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## **FEMA Wasted Millions of Taxpayer Dollars During 2005 Hurricane Recovery Efforts**

In only six months Congress has spent roughly \$100 billion on costs associated with the 2005 Gulf Coast hurricanes, most of which was utilized by the Federal Emergency Management Agency (FEMA), as the agency attempted to meet the needs of thousands of individuals affected by these catastrophic events. However, many of FEMA's efforts were undercut by the extensive waste, fraud and abuse of the taxpayer money intended to assist with response and recovery costs.

### **WASTE**

Last month, *USA Today* reported that FEMA "spent \$878.8 million on nearly 25,000 manufactured homes that the agency is paying to store around the country largely because its own regulations prohibit placing the homes in flood plains, such as New Orleans." In addition, FEMA let almost 11,000 unused manufactured homes sit in open fields in Arkansas, while at the same time spending \$438 per night to house evacuees in a New York City hotel. These are just a few examples of the extensive FEMA waste found by GAO and others during the Gulf Coast recovery efforts.

(Source: "Senators hear 'shocking examples' of FEMA waste," *USA Today*, 2-13-06)

### **FRAUD**

A recent GAO study reported that because of poor control methods, FEMA was susceptible to significant fraud when distributing emergency assistance to individuals. For example, the study found that of the 2.5 million Katrina evacuee registrations, 60% were conducted over the telephone and therefore, the individuals were not required to prove their identity in order to receive the assistance. The Study found that roughly 900,000 registrations were likely duplicative applications for assistance, in which individuals used the falsified social security numbers or those of deceased individuals. In fact, GAO staff were able to falsify their identities and make up a story about being evacuated and some actually received *several* \$2,000 checks from FEMA.

(Source: GAO-06-402T, 2/13/06. <http://www.gao.gov/new.items/d06235t.pdf>)

### **ABUSE**

As part of their Katrina relief efforts, FEMA distributed \$2,000 debit cards to many of the hurricane victims. Numerous news stories have reported significant abuse of the debit cards, which were intended to pay for emergency needs of the victims, such as food and clothing. Here are just a few of the items reportedly purchased with the FEMA credit cards:

- \$800 Louis Vuitton handbags
- adult entertainment
- bail bond services
- jewelry
- weapons
- prior traffic violations fines

(Sources: "Lavish tastes of card-carrying lowlifes,"

*New York Daily News*, 9/11/06, GAO-06-402T, 2/13/06

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